

Accords sanction to the Middle Income Group Housing Scheme.

READ—

Letter No. H. II—28(5)/57, dated the 18th June 1958, from the Government of India on the above subject.

2. Letter No. Cl. PR. 54-C. 916/58-9, dated the 19th April 1959, from the Chairman, Mysore Housing Board, Bangalore, on the subject.

ORDER No. LLH 86 HOS 58, DATED BANGALORE, THE 30TH MAY 1959
(JYEISHTA 9, SAKA ERA 1881).

The Government of India, Ministry of Works, Housing and Supply, have formulated and suggested to the State Government for adoption, a Housing Scheme for the people of middle income groups, with a view to supplementing their Low Income Group Housing Scheme in furtherance of their policy to provide cheap credit facilities to as large a number of people as possible to enable them to build and own their houses. While the Low Income Group Housing Scheme afforded facilities for the grant of loans to persons whose income does not exceed Rs. 6,000 per annum, the Middle Income Group Housing Scheme is intended to assist those whose income exceeds Rs. 6,000 per annum, but does not exceed Rs. 12,000 per annum. The broad features of the scheme which is intended to be run generally on the Low Income Group Housing Scheme are explained below.

2. The State Government have accepted to implement the scheme and the Life Insurance Corporation of India has given a loan of Rs. 25,00,000 to the State Government with interest at 5 per cent per annum repayable in 20 (twenty) annual instalments. The scheme is proposed to be entrusted to the Mysore Housing Board for its implementation. The loan received from the Life Insurance Corporation of India has been credited under "N. Public Debt—4. Other Loans" and the State Government will arrange for the repayment of the loan directly in instalments to the Life Insurance Corporation of India as per terms prescribed by them.

3. The Government are pleased to sanction a loan of Rs. 25,00,000 (Rupees twenty-five lakhs only) to the Mysore Housing Board for implementing the scheme in the manner indicated below, and orders sanctioning an advance of Rs. 25,00,000 from the Contingency Fund to meet the above expenditure are being issued separately:

- (a) The loans are to be sanctioned as per rules appended to this Order.
- (b) The Chairman, Mysore Housing Board, is requested to take immediate action to give publicity to the scheme and call for necessary proposals from the concerned agencies regarding their requirements.
- (c) The Chairman, Mysore Housing Board, will have to draw the amounts required from time to time for implementing the scheme on Payee's Receipts, which have to be countersigned by the Secretary to Government, Local Self-Government and Public Health Department, who is the Chief Controlling Authority for the transactions under the head "Loans to Mysore Housing Board under the Middle Income Group Housing Scheme" to be newly opened under the head "P. Loans and Advances by State Government—Miscellaneous Loans and Advances, e. Other Loans."
- (d) The terms and conditions of the loan drawn by the Mysore Housing Board will be the same as those prescribed for the loan allowed by the Life Insurance Corporation of India to the State Government.
- (e) As the interest is leviable on the amounts drawn by the Chairman, Mysore Housing Board, from the dates they are drawn from the Treasury, the Chairman will draw only the minimum sums that are actually required from time to time.
- (f) The instalments paid by the Mysore Housing Board towards the above loan should be credited to the head "P. Loans and Advances—Loans to Mysore Housing Board under the Middle Income Group Housing Scheme" (in the case of principal) and to the head "XX Interest—a. Interest on Loans and Advances by State Government—A. Loans to Local Funds, Private Parties, etc.,—(ix) Miscellaneous Loans and Advances 3 Loans to Mysore Housing Board and Other Housing Schemes (to be newly opened)" in the case of interest.

(g) It is the responsibility of the Housing Board to see that the recoveries from the loanes, either individuals or co-operative institutions, are made promptly. Payments to Government should not be linked up with recoveries effected by the Board from individuals.

(h) The Chairman, Mysore Housing Board, will also execute necessary bonds in favour of Government for the loans that he intends to draw from time to time.

4. The Mysore Housing Board will grant loans either directly or through other agencies that may be fixed by the Board or their co-operatives for building of houses as per terms and conditions prescribed in the rules appended to this order. The rate of interest recovered from the individual loanes will be uniformly $5\frac{1}{2}$ (five and a half) per cent per annum whether it is granted directly by the Housing Board or through the Co-operative Housing Societies and Local Bodies. But the rate of interest chargeable on the loans sanctioned by the Board to Co-operative Housing Societies and Local Bodies will be $5\frac{1}{4}$ per cent per annum, and the difference of $\frac{1}{4}$ per cent between the rate chargeable to individual loanes and the rate charged by the Board is intended to meet the administrative charges, etc., of the Societies or Local Bodies.

By Order and in the name of the Governor of Mysore,

K. KHADER MOHIEDDIN,

*Under-Secretary to Government,
Local Self-Government and
Public Health Department.*

APPENDIX

Rules for the implementation of the Middle Income Group Housing Scheme in the State.

1. *Introduction.*—The Mysore Housing Board shall be responsible for the implementation of the scheme in the erstwhile Mysore area. The Special Officer for Housing in Integrated areas shall be responsible for the implementation of the scheme in the integrated area for the time being, until the Housing Board Act is introduced to integrated areas.

2. The following are the (authorised) agencies and authorities for implementation of the scheme in the State:—

- (i) The Housing Board;
- (ii) The Housing Co-operatives;
- (iii) Local Bodies and Public Institutions;
- (iv) The Special Officer for Housing in the Integrated areas.

The Housing Board and the Special Officer may also undertake construction of houses on behalf of (ii and iii) in the erstwhile Mysore area and the Integrated areas respectively.

3. *Eligibility of assistance.*—The loan assistance under the Scheme is admissible to individuals whose annual income exceeds Rs. 6,000 but does not exceed Rs. 12,000 from all sources. The applicant should not already own a house anywhere in the country either in his own name or in the name of his wife/minor children.

He should satisfy the authority in regard to his absolute title to the site. The Housing Board shall have discretion in exceptional cases to relax this provision where they are satisfied that the house proposed to be built under this scheme is required for the *bona fide* residence of the applicant and that it will be impossible for the applicant to reside in his existing house for reasons other than its having been let out on rent, or being situated at a place other than the place of his work or business;

The applicant should be in a position to invest at least 20 per cent of the estimated cost of the house inclusive of the developed land on which it is to be built from his own resources, and to furnish such additional security as the Housing Board/Special Officer may demand for the repayment of the loan. The authority may reject any application without assigning any reason.

4. *Loan assistance admissible.*—The amount of loan admissible for a house shall be determined on the following basis :—

(a) Eighty per cent of the estimated cost of construction (exclusive of land) subject to a maximum of Rs. 16,000 plus

(b) Eighty per cent of the cost of development of land subject to the conditions that :—

(i) the total of (a) and (b) shall not exceed Rs. 20,000; and that

(ii) the total cost of construction (exclusive of land) of any house proposed to be built under the scheme does not normally exceed Rs. 25,000; and that

(iii) no assistance for loan under sub-para (b) above shall be admissible to those who already possess a developed plot of land on which they propose to build the house;

(iv) The maximum loan for possessing the land as specified in para (4) (b) above shall be Rs. 4,000 in each case and shall be payable directly to the applicant by the agencies specified for implementing the scheme. Before advancing the loan such agency shall satisfy itself about the applicant's title to the land in question. The applicant should execute a regular mortgage bond for the total amount to be advanced, mortgaging the land and the house to be constructed thereon in favour of the sanctioning authority with additional securities which may be demanded from him, and the bond should contain all the terms and conditions to be specified by the sanctioning authority inclusive of those relating to repayment of loan and interest and other charges.

5. *Procedure of disbursement for constructions.*—The loans shall be disbursed to the loanees in suitable instalments according to the progress of construction :—

(i) Twenty per cent when the loanee is possessed of the land;

(ii) Forty per cent when the construction reaches plinth level;

(iii) Twenty-five per cent when the construction reaches roof level;

(iv) Ten per cent when the roofing is completed;

(v) Five per cent after completion.

6. *Repayment of loan.*—The loans are repayable within a period not exceeding 20 years. The first instalment of loan will fall due by the loanee 18 months after the disbursement of the first instalment

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of the loan to the individual/Co-operative/Local Body/or Public Institution concerned. It will however be open to the loanees to repay the loan in a shorter period if they so desire. Before disbursement of the last instalment of loan to the party building the house, the Housing Board/Special Officer should be satisfied that the development of site including provision of water supply sewerage, laying of roads, etc., has been completed in accordance with the standards normally prevailing at the station at which the house is built.

7. *Rate of Interest.*—The rate of interest payable by the State Government to the Life Insurance Corporation which provides funds for the implementation of the scheme is 5 per cent. The rate of interest recoverable from the loanees is 5½ per cent uniformly.

8. *Insurance of buildings.*—The loanees should agree that the houses built under the scheme are insured against fire, etc., with one of the subsidiaries of the Life Insurance Corporation or so long as the loan has not been repaid in full.

9. *Co-operatives.*—Cash loans to eligible individuals will be granted under the scheme subject to the availability of funds and after proper scrutiny, by the Housing Board/Special Officer and also the Housing Co-operatives.

(i) Security for the loan shall be the existing and future assets of the Co-operative institution concerned and will also be subject to the same conditions as other loans granted by Government. A mortgage bond shall be taken from the aforesaid Co-operative institutions incorporating the conditions of the scheme prescribed by the Government of India.

(ii) Plans and Estimates for houses for which loans are to be sanctioned shall be subject to approval by the Chairman, Mysore Housing Board/Special Officer.

(iii) The Co-operative institution should limit the funds actually allotted to it; and should also furnish to the Housing Board/State Government such returns, reports and accounts, as may be called for from time to time in respect of the scheme.

The Chairman, Mysore Housing Board/Special Officer and their representatives shall have full rights of access to the works, records and transactions of the Co-operatives in so far as the loans under this scheme are concerned.

If the borrower in the Co-operative sector repays the amount before the expiry of the term the amount so paid shall be reimbursed to the Mysore Housing Board/Special Officer immediately on receipt. A scrutiny fee of Rs. 10 shall be paid to the Mysore Housing Board/Special Officer on every application of loan under the scheme.

10. *Loans to Local Bodies.*—Loans under similar terms and conditions will also be given to the local bodies subject to the condition that not more than 25 per cent of the number of houses constructed under the scheme will be allocated to eligible individuals in their employ.

11. *Loans to Public Institutions.*—Loans under similar conditions will also be admissible to:—

(i) Public Institutions run on a no profit no loss basis.

(ii) Non-governmental but recognised Health Institutions and Hospitals, Educational and Charitable Institutions, for allocation to their eligible employees.

12. *Housing Board Agency.*—The Housing Board in the erstwhile Mysore area and the Special Officer in the integrated areas shall be competent to take up construction of houses under the scheme out of the allotment made to the Housing Board/Special Officer and also dispose them of on hire-purchase or outright sale on the following conditions:

(a) The intending purchaser of the house on hire-purchase system or otherwise shall be required to pay 20 per cent of the cost in advance; and when the cost exceeds the maximum limit of loans admissible under the scheme, all sums in excess of that limit.

(b) To pay the interest at 5½ per cent on the cost of the house.

(c) To pay 3 per cent of the actual cost of the building to cover the supervision charges.

(d) The applicant should not only offer the house built as security but also provide such additional security as the Board/Special Officer may require in cases where mortgages are taken.

The Chairman, Mysore Housing Board/Special Officer may also undertake construction of houses on behalf of—

Local Bodies;

Co-operatives;

Public Institutions and Individuals:

Provided that the latter agree to the payment of 3 per cent of the cost of the building to the Mysore Housing Board/Special Officer towards E. T. and P. charges.

13. *Miscellaneous.*—The loans in all these cases shall be repaid in equated annual or monthly instalments spread over a period not exceeding 20 years, as may be decided by the authorities concerned.

The floor area of the house proposed to be built shall not be less than 700 sq. ft. The specifications, designs, estimates and layouts shall be scrutinised and approved by the Housing Board before sanctioning loans to eligible applicants. A scrutiny fee of Rs. 10 shall be payable to the Housing Board in all such cases.